



## The Molson Companies Limited

### Notice of Annual and Special Meeting of Shareholders

**Any shareholder who will not be attending the meeting in person is asked to complete, date and sign the enclosed form of proxy and return it to the Corporation in the enclosed stamped envelope.**

The 1999 Annual and Special Meeting of Shareholders of The Molson Companies Limited will commence at 11:00 a.m. (Montreal time) on Tuesday, June 29, 1999 in the Windsor Ballroom, Le Windsor, 1170 Peel Street, Montreal, Quebec and will have the following purposes:

1. to receive the financial statements of the Corporation for the year ended March 31, 1999 and the auditors' report on those statements;
2. to elect the Board of Directors for 1999;
3. to appoint auditors for 1999 and authorize the directors to fix their remuneration;
4. to change the name of the Corporation to "Molson Inc.";
5. to transact any other business properly before the meeting.

Douglas A. Love  
Senior Vice President  
General Counsel and Secretary

May 12, 1999



# Management Proxy Circular

*(Information as of May 12, 1999 unless otherwise indicated)*

## Solicitation of Proxies

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This circular is provided in connection with the solicitation of proxies by the management of The Molson Companies Limited for use at the annual and special meeting of shareholders or any adjournment of the meeting. The meeting will be held at 11:00 a.m. on Tuesday, June 29, 1999 for the purposes of receiving the financial statements for the year ended March 31, 1999, electing directors for the next year, appointing the auditors of the Corporation and considering a change in the name of the Corporation to "Molson Inc.". The solicitation will be primarily by mail, but proxies may also be solicited by telephone or other personal contact by employees or agents of the Corporation at nominal cost. Solicitation costs will be borne by the Corporation.

## Appointment of Proxy

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The persons named in the enclosed proxy form as your potential proxyholders are directors of the Corporation. **You may appoint a person other than the Corporation's directors designated in the enclosed proxy form to attend and act for you at the meeting. To do so, please insert your appointee's name in the blank space provided in the proxy form and strike out the other names, or complete another proper proxy form. The Corporation must receive proxies at 1555 Notre Dame Street East, Montreal, Quebec H2L 2R5 not later than 5:00 p.m. on the last business day before the day of the meeting or any adjournment thereof.**

## Revocation of Proxy

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You can revoke your proxy in any manner permitted by law. This includes depositing a written statement signed by you (or by an attorney authorized by you in writing) at either the registered office of the Corporation at 1555 Notre Dame Street East, Montreal, Quebec H2L 2R5 at any time up to and including the last business day before the day of the meeting or any adjournment, or with the Chairman of the meeting on the day of the meeting or any adjournment.

## Confidential Voting

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CIBC Mellon Trust Company counts and tabulates proxies in a manner that preserves the confidentiality of individual shareholder votes. Proxies will not be submitted to management unless: (a) there is a proxy contest; (b) the proxy contains comments clearly intended for management; or (c) it is necessary to determine a proxy's validity or to enable management and/or the board to meet their legal obligations to shareholders or to discharge their legal duties to the Corporation.

## Voting Shares

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At May 12, 1999, there were 47,041,148 Class "A" non-voting shares and 12,073,767 Class "B" common shares outstanding. The only fully voting shares of the Corporation are the Class "B" common shares.

Each Class "A" non-voting share registered in your name in the list of the holders of Class "A" non-voting shares entitles you to vote to elect three members of the Board of Directors, voting separately as a class. Each Class "B" common share registered in your name in the list of holders of Class "B" common shares entitles you to vote on all matters before the meeting other than the election of the three directors to be elected by holders of Class "A" non-voting shares.

Both the list of holders of Class "A" non-voting shares and the list of holders of Class "B" common shares will be prepared as of the close of business on May 12, 1999. Shares acquired after May 12, 1999 carry the right to vote at the meeting if the holder can provide proof of ownership and has notified the Secretary of the Corporation in writing at the address of the registered office given above at least ten days before the meeting.

## Principal Shareholders

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The only shareholder who as of May 12, 1999, owned beneficially, or exercised control or direction over, more than 10% of either the total outstanding Class "A" non-voting shares of the Corporation or the total outstanding Class "B" common shares of the Corporation, is Mr. E.H. Molson, Chairman of the Board, and a director of the Corporation, who controls 3,930,000 Class "B" common shares or 32.5% of the total outstanding Class "B" common shares of the Corporation.

The Corporation has been advised that certain companies controlled by members of the Molson family or by estates, the beneficiaries of which are members of the Molson family, and which control, directly or indirectly, more than 50% of the Class "B" common shares, are parties to an agreement which provides that such shareholders will not transfer their Class "B" common shares nor convert them into Class "A" non-voting shares. They have also agreed not to tender their Class "B" common shares to a takeover bid and have authorized certain family representatives to deliver notices and to take other actions necessary in connection with the agreement not to tender such shares to a takeover bid.

## How Your Proxies Will Be Used

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Shares represented by a proxy in favour of management will be voted or withheld from voting on votes that take place at the annual and special meeting, in accordance with the instructions given by the shareholder.

**If no instructions are indicated, each Class "A" non-voting share will be voted (a) for the election of the three individuals listed under the heading "Nominees for Election by Holders of Class "A" Non-Voting Shares" on page 4; and (b) at the proxyholder's discretion in respect of amendments to the foregoing matter or any other business that may properly be brought before the meeting on which the holders of Class "A" non-voting shares are entitled to vote.**

**If no instructions are indicated, each Class "B" common share will be voted: (a) for the election of the eleven directors listed under the heading "Nominees for Election by Holders of Class "B" Common Shares" on page 5; (b) for the reappointment of the auditors PricewaterhouseCoopers LLP; (c) to approve the change of the name of the Corporation to "Molson Inc."; and (d) at the proxyholder's discretion in respect of amendments to any of the foregoing matters or on any other business that may properly be brought before the meeting.**



## Election of Directors

The Corporation currently has eleven directors. The directors have approved an increase in the number of directors to fourteen for the coming year. Each director is elected to hold office until the close of the next annual meeting unless he or she resigns or the office is vacated due to death, removal or other cause. Holders of Class "A" non-voting shares will elect three directors and holders of Class "B" common shares will elect eleven directors.

### Class "A" Non-voting Shares

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The proxy form for holders of Class "A" non-voting shares provides for instructions from the holder to withhold from voting for any or all of the three nominees for election as directors. **Unless a proxy specifies that the Class "A" non-voting shares it represents should be withheld from voting in the election of the three director nominees, the proxyholders named in the accompanying proxy intend to use it to vote for the election of the three director nominees under the heading "Nominees for Election by Holders of Class "A" Non-Voting Shares" on page 4.**

### Class "B" Common Shares

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The proxy form for holders of Class "B" common shares provides for instructions from the holder to withhold from voting for any or all of the eleven nominees for election as directors. **Unless a proxy specifies that the Class "B" common shares it represents should be withheld from voting in the election of the eleven director nominees, the proxyholders named in the accompanying proxy intend to use it to vote for the election of the eleven director nominees under the heading "Nominees for Election by Holders of Class "B" Common Shares" on page 5.**

With the exception of the three proposed new directors, all of the nominees are now directors and have been since the dates indicated below. The directors expect that each of the nominees will be able to serve as a director. However, if any nominee became unable to serve as a director for any reason prior to the meeting, the proxyholders reserve the right to vote the shares represented by proxy for another nominee at their discretion, unless the proxy specifies that the shares are to be withheld from voting for all of the director nominees.

## Director Profiles

*The profiles below provide information on the nominees for election as directors.*

### Nominees for Election by Class "A" Shareholders (Non-Voting Shares)

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#### **Dr. Lloyd I. Barber**

Director since June 22, 1978 – Age: 67, Regina Beach, Saskatchewan

Lloyd Barber is President Emeritus of the University of Regina, having had a distinguished academic career. He serves and has served as a director of many prominent Canadian companies including the Bank of Nova Scotia, CanWest Global Communications and Cominco, and on the boards of numerous community and other organizations including the Canadian Museum of Nature, the Institute for Saskatchewan Enterprise, the Working Venture Canadian Fund Inc. and the Canadian Polar Commission. Dr. Barber obtained his M.B.A. from the University of California at Berkeley and his Ph.D. from the University of Washington.

Dr. Barber chairs the Audit and Finance Committee and the Pension Fund Committee. He also serves as a member of the Environment, Health and Safety Committee.

*Shareholdings: Class A: 6,181*

*Deferred Share Units: 917*

*Class B: none*



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#### **Matthew W. Barrett**

Director since October 14, 1992 – Age: 54, Toronto, Ontario

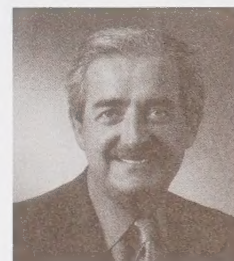
Matthew Barrett is Chairman of the Bank of Montreal. He served as Chief Executive Officer of the Bank of Montreal from 1989 to 1999 and is currently a director of The Seagram Company Ltd., a Trustee and member of the Finance Committee of the Toronto Hospital, the Board of the Associates of Harvard Business School, the Conference Board of Canada, the Royal Victoria Hospital Campaign, Junior Achievement of Canada as well as the advisory councils of several prominent Canadian universities. He is a graduate of the Advanced Management Program at Harvard Business School.

Mr. Barrett chairs the Human Resources and Corporate Governance Committee and serves as a member of the Executive Committee and the Audit and Finance Committee.

*Shareholdings: Class A: 1,000*

*Deferred Share Units: 4,355*

*Class B: none*



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#### **Daniel W. Colson**

Director since May 8, 1997 – Age: 52, London, England

Daniel Colson is Deputy Chairman and Chief Executive Officer of Telegraph Group Limited in London, England, a major publishing company. He is also Vice-Chairman of Hollinger Inc., Hollinger International Inc., Southam Inc. and Hollinger Canadian Publishing Holdings Inc., and Chairman of UniMedia Inc. In addition, he is a director of Argus Corporation, The Ravelston Corporation Ltd., Hellespont Shipping Corporation, Interactive Investor International Ltd. and The Spectator (1828) Limited. He obtained his B.A. from Loyola College and his LL.L. from Laval University and is a member of the Canadian Bar Association.

Mr. Colson serves as a member of the Audit and Finance Committee and Human Resources and Corporate Governance Committee.

*Shareholdings: Class A: 418*

*Deferred Share Units: 4,119*

*Class B: none*





## Nominees for Election by Class "B" Shareholders (Common Shares)



### **E. James Arnett, Q.C.**

Director since July 25, 1996 – Age: 60, Montréal, Québec

James Arnett was appointed President and Chief Executive Officer of the Corporation on May 9, 1997. Prior to that, he was, from July 25, 1996, a non-employee Director of the Corporation and, for over twenty years, a partner in the law firm Stikeman Elliott, during which he was head of the firm's corporate/commercial department in Toronto during the 1980's and, from 1993-96, resident partner in its Washington, D.C., office. He obtained his B.A. and LL.B. from the University of Manitoba and his LL.M. from Harvard University.

Mr. Arnett serves as a member of the Executive Committee.

*Shareholdings: Class A: 5,201*

*Class B: none*



### **Luc Beauregard, C.M.**

Director since May 8, 1997 – Age: 57, Montréal, Québec

Luc Beauregard is founding Chairman and Chief Executive Officer of NATIONAL Public Relations, Canada's largest public relations firm with offices across the country. He is a director of the St. Hubert Group and a director of the Council for Canadian Unity. A former president of the Canadian Public Relations Society, he is a governor of the Conseil du patronat du Québec, a governor of the Conseil patronal de l'environnement du Québec and Chairman of "Vie des Arts" magazine.

Mr. Beauregard chairs the Environment, Health and Safety Committee.

*Shareholdings: Class A: 380*

*Class B: none*

*Deferred Share Units: 2,857*



### **Jean Béliveau**

Director since June 22, 1978 – Age: 67, Longueuil, Québec

Jean Béliveau had a distinguished eighteen-year career with the Montreal Canadiens, serving as Captain from 1961-71, during which he was awarded the Ross Trophy, the Hart Trophy and the Conn Smythe Trophy. Following his hockey career, he served as an executive with the Club de Hockey Canadien Inc. for over twenty years, retiring in 1993. He also serves as a director of the Acier-Leroux and Brookfield Properties.

Mr. Béliveau serves as a member of the Environment, Health and Safety Committee and the Pension Fund Committee.

*Shareholdings: Class A: 4,771*

*Class B: 750*

*Deferred Share Units: 917*



### **Dr. Francesco Bellini**

Director since May 8, 1997 – Age: 51, Laval, Québec

Francesco Bellini is Chief Executive Officer and co-founder of BioChem Pharma Inc., one of the world's leading biopharmaceutical companies. Having graduated with a doctorate from the University of New Brunswick, Dr. Bellini has authored or co-authored over twenty patents and published numerous articles based on his research. A pioneer in the Canadian biopharmaceutical industry, he was recently honoured with the National Merit Award from the Ottawa Life Sciences Council, an Honorary Degree – Doctor of University (University of Ottawa) and an Honorary Degree – Doctor of Sciences (University of New Brunswick). He is a director of several companies including Industrial-Alliance and the Société Générale de Financement.

Dr. Bellini serves as a member of the Audit and Finance Committee.

*Shareholdings: Class A: 8,034*

*Class B: none*

*Deferred Share Units: 2,762*



**Patrick G. Crowley**

Proposed new director – Age: 48, Westmount, Québec

Patrick Crowley was appointed Executive Vice-President and Chief Financial Officer of the Corporation on December 14, 1998. He was employed by Abitibi-Consolidated Inc., a global forest products company from 1993 to 1997, latterly as Executive Vice President and C.F.O. since 1997 and prior to that as Vice President and C.F.O. since 1995. Prior to that he held various financial positions at John Labatt Limited and subsidiary companies and was Vice-President Finance and C.F.O. of Everfresh Beverages, a unit of Charterhouse International. He is a graduate of the Ivey Business school at the University of Western Ontario and is a chartered accountant.

*Shareholdings: Class A: 23,200*

*Class B: none*

**Donald G. Drapkin**

Director since June 30, 1998 – Age: 51, Alpine, New Jersey

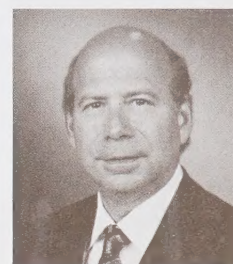
Donald Drapkin has been Vice-Chairman and Director of MacAndrews & Forbes Holdings Inc. and various of its affiliates since 1987. Prior to joining MacAndrews & Forbes, Mr. Drapkin was a partner in the law firm of Skadden, Arps, Slate, Meagher & Flom for more than five years. Mr. Drapkin is Chairman of WeddingChannel.com and a Director of Algos Pharmaceutical Corporation, Anthracite Capital, Inc., BlackRock Asset Investors, Cardio Technologies, Inc., Playboy Enterprises, Inc., Revlon, Inc., Revlon Consumer Products Corporation, VIMRX Pharmaceuticals Inc. and Weider Nutrition International Inc. He is a member of the Boards of numerous community organizations including Special Olympics International and Lincoln Center Theater. Mr. Drapkin holds a B.A. from Brandeis University and an LL.B from Columbia University School of Law.

Mr. Drapkin serves as a member of the Human Resources and Corporate Governance Committee.

*Shareholdings: Class A: none*

*Deferred Share Units: 2,186*

*Class B: none*

**Eric H. Molson**

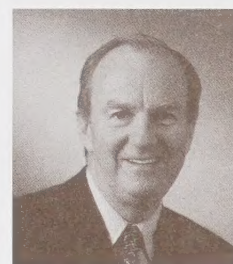
Director since June 27, 1974 – Age: 61, Montréal, Québec

Eric Molson has served as Chairman of the Board of the Corporation since 1988. He is also Chancellor of Concordia University as well as a director of the Bank of Montreal, the Montreal General Hospital Foundation and Research Institute, the Canadian Irish Studies Foundation and Vie des Arts. Mr. Molson received an Arts Baccalaureate (A.B.) with Honours in Chemistry from Princeton University. He earned his Master Brewer Certificate from the United States Brewers Academy and subsequently studied economics at McGill Graduate School.

Mr. Molson also serves as a member of the Executive Committee, the Human Resources and Corporate Governance Committee, the Pension Fund Committee and the Environment, Health and Safety Committee.

*Shareholdings: Class A: 112,270*

*Class B: 3,930,000*

**R. Ian Molson**

Director since June 25, 1996 – Age: 44, London, England

Ian Molson is a private investor who, between 1984 and December, 1997 was a Managing Director of Credit Suisse First Boston, one of the leading investment banking and security firms in the world. From 1993-1997, he served as Head of the Investment Banking Department in Europe, a position which encompassed all corporate finance, corporate advisory, mergers and acquisitions businesses in Europe, Russia, Africa and the Middle East. He graduated from Harvard University (A.B. Honours) in 1977.

Mr. Molson chairs the Executive Committee and serves as a member of the Audit and Finance Committee and the Human Resources and Corporate Governance Committee.

*Shareholdings: Class A: 356*

*Deferred Share Units: 1,834*

*Class B: 1,009,010*







### **Stephen T. Molson**

Director since June 29, 1988 – Age: 59, Montréal, Québec

Stephen Molson is Secretary and a member of the Board of The Molson Foundation, a charitable foundation. He is also a director of the Atlantic Salmon Federation, the Butters Foundation, the Foundation Hospitalière Maisonneuve-Rosemont, Huntsman Marine Science Centre, The Martlett Foundation, McGill University Athletics Board, the Québec-Labrador Foundation Inc.

Mr. Molson serves as a member of the Pension Fund Committee and the Environment, Health and Safety Committee.

*Shareholdings: Class A: 1,800*

*Deferred Share Units: 917*

*Class B: 975,000*



### **Daniel J. O'Neill**

Proposed new director – Age: 47, Toronto, Ontario

Daniel O'Neill was appointed Executive Vice-President of the Corporation and Chief Operating Officer, North American Brewing on March 22, 1999. He was previously an Executive Vice-President at the H.J. Heinz Company of Pittsburgh, a manufacturer and marketer of consumer food products, most recently serving as E.V.P. North American Sales and President, Heinz South America. While at Heinz, he also served as President and CEO of Star-Kist Foods and was a member of the Board of Directors of H.J. Heinz Company. Earlier in his career he was with the Campbell Soup Company as President of Campbell Canada and then served as President of Campbell Soup. He received his M.B.A. from Queen's University.

*Shareholdings: Class A: 23,340*

*Class B: none*



### **H. Sanford Riley**

Proposed new director – Age: 48, Winnipeg, Manitoba

Sanford Riley is President and Chief Executive Officer of Investors Group Inc., a position he has held since 1992. Investors Group is one of Canada's leading personal financial services organizations and the largest distributor of mutual funds in Canada. He is also Chairman and President of Investors Group Financial Services Ltd. and serves as a director of Investors Group Trust Co. Ltd., Great-West Life Assurance, London Life and James Richardson and Sons Limited. His community affiliations include serving as Chairman of the Pan American Games Society and Vice-Chairman of the Manitoba Business Council. He obtained his B.A. from Queen's University and LL.B. from Osgoode Hall Law School.

*Shareholdings: Class A: none*

*Deferred Share Units: n/a*

*Class B: none*

#### **Notes:**

- Deferred share units credited under the Deferred Share Unit Plan for non-employee directors as of March 31, 1999. For a description of deferred share units see "Directors' Compensation".
- Of the 3,930,000 Class "B" common shares mentioned controlled by Mr. E.H. Molson, he beneficially owns 2,400,000 of such Class "B" common shares through his associate, Lincolnshire Holdings Ltd., and controls 1,530,000 of such Class "B" common shares through Pentland Securities (1981) Inc. which is an associate of both Messrs. E.H. Molson and S.T. Molson. Mr. S.T. Molson beneficially owns 975,000 Class "B" common shares through his associate, Nooya Investments Ltd. The Estate of the late T.H.P. Molson, a family estate trust of which Messrs. E.H. Molson and S.T. Molson are trustees, holds 1,203,600 Class "B" common shares.



## Reappointment of Auditors

Coopers & Lybrand have been the auditors of the Corporation for more than five years. On July 1, 1998, the partners of Coopers & Lybrand and Price Waterhouse merged their practices and then changed the merged firm's name to PricewaterhouseCoopers LLP.

At the meeting, the shareholders will be asked to approve an ordinary resolution to appoint PricewaterhouseCoopers LLP as auditors of the Corporation for the next year and to authorize the directors to fix their remuneration. Holders of Class "B" common shares are entitled to vote on this resolution. A majority of the votes cast must be in favour of this resolution in order for it to be approved. **Unless a proxy specifies that the Class "B" common shares it represents should be withheld from voting in the reappointment of the auditors, the proxyholders named in the accompanying proxy intend to use it to vote for the reappointment of PricewaterhouseCoopers LLP as auditors of the Corporation to hold office until the close of the next annual meeting.**

## Change of Name

Shareholders are being asked to approve a special resolution to change the name of the Corporation to "Molson Inc.". This simplification of the name of the Corporation is intended to reflect the transition of the Corporation from a diversified holding company to an operating company with a renewed focus on its core brewing business.

Holders of Class "B" common shares are entitled to vote on the special resolution to approve the name change. In order to be approved, the special resolution must be approved by at least two-thirds of the votes cast on the matter at the meeting. **Unless a proxy specifies that the Class "B" common shares it represents should be voted against the proposed change of name of the Corporation, the proxyholders named in the accompanying proxy intend to use it to vote for the change of the name of the Corporation to "Molson Inc."**



## Board Committees

The Board has five committees which focus on specific areas of responsibility necessary to effectively govern the Corporation. Board committees are comprised entirely of non-employee directors, except for the Executive Committee and all have a majority of unrelated directors. Committee members for the 1999 fiscal year are shown below, together with a description of each Committee's area of responsibility.

### Audit and Finance Committee

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The Audit and Finance Committee reviews the Corporation's annual consolidated financial statements and quarterly financial statements before they are approved by the Board. It works jointly with management to develop the annual audit plan and thoroughly reviews the auditors' recommendations on internal controls. The Committee regularly meets with the Corporation's auditors independently from management. It also reviews the Corporation's annual and long-term financial plans, proposals for major borrowings and the issuance of securities and makes recommendations to the Board with respect to financial strategies and policies. The Committee has also been responsible for overseeing the Corporation's programs addressing the Year 2000 situation.

*Chairman: Dr. L. I. Barber*

*Members: M. W. Barrett, Dr. F. Bellini, D. W. Colson, R. I. Molson*

### Environment, Health and Safety Committee

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The Environment, Health and Safety Committee sets environmental and occupational health and safety policy standards and accountabilities for the Corporation. The Committee oversees environment, health and safety issues in relation to three distinct areas: Brewing Operations, the Molson Centre and any retained obligations relating to divestitures. It reviews strategies, goals and programs put into place in these areas, and recommendations from outside specialists retained as required to reassess specific risks. The Committee is also briefed on initiatives by operating units of the Corporation, such as simulated incidents, to ensure response readiness. It ensures that satisfactory safety measurement systems are in place and regularly reviews data on the frequency and severity of safety incidents, an area where notable and continuous improvement has occurred.

*Chairman: L. Beauregard*

*Members: Dr. L. I. Barber, J. Béliveau, E. H. Molson, S. T. Molson*

### Executive Committee

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The Executive Committee provides advice and counsel to the Chief Executive Officer. It acts on behalf of the Board, on terms authorized by the Board, in managing or supervising the management of the Corporation's business when the full Board is not in session, including the approval of borrowing, acquiring or disposing of businesses and issuing securities.

*Chairman: R. I. Molson*

*Members: E. J. Arnett, M. W. Barrett, E. H. Molson*



## Human Resources and Corporate Governance Committee

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The Human Resources and Corporate Governance Committee is responsible for the development and maintenance of the Corporation's corporate governance practices, including the structures and composition of the Board and Board committees, defining the relationship, roles and authority of the Board and management, identifying and recommending suitable director candidates, setting directors' compensation and external reporting of the Corporation's approach to corporate governance and executive compensation. In addition, it reviews, develops and recommends to the Board appropriate executive compensation policies, programs and levels. The Committee is currently undertaking an extensive review of the Corporation's executive compensation strategy and programs to ensure that they reflect, in turn, the Corporation's strategy and are aligned with shareholders' interests and corporate performance. The Committee develops performance objectives in conjunction with the Chief Executive Officer and assesses the performance of the Chief Executive Officer annually in relation to these objectives. In addition, the Committee ensures that effective short-term and long-term succession plans are in place for senior officers of the Corporation.

*Chairman: M. W. Barrett*

*Members: D. W. Colson, D. G. Drapkin, E. H. Molson, R. I. Molson*

## Pension Fund Committee

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The Pension Fund Committee formulates general investment policy, monitors the implementation of that policy and reports to the Board at least annually on investment results achieved. It also reviews and comments on the reports of the Corporation's actuary and their implications, and the level of the Corporation's contributions to the pension plans in respect of both current service and unfunded liabilities.

*Chairman: Dr. L. I. Barber*

*Members: J. Béliveau, E. H. Molson, S. T. Molson*



## Directors' Compensation

Directors' compensation is paid only to outside directors and consists of the following:

<i>Annual Board Retainer:</i>	<i>\$20,000, at least 50% of which is paid in Deferred Share Units</i>
<i>Board Meeting Fee:</i>	<i>\$1,000 per meeting</i>
<i>Committee Meeting Fee:</i>	<i>\$1,000 per meeting</i>
<i>Travel Fee:</i>	<i>\$1,000 (paid to directors who must travel from Western Canada or Europe to attend meetings)</i>
<i>Committee Chair Retainer:</i>	<i>\$3,000</i>
<i>Committee Member Retainer:</i>	<i>\$2,500</i>
<i>Stock Options:</i>	<i>1,500 stock options granted annually</i>

Related travel and out-of-pocket expenses are also covered.

Outside directors who are asked to undertake special services by the Board, or a Board Committee, beyond those ordinarily required of a director are paid \$2,000 per diem for these services to a maximum of \$50,000 per year.

The Chairman of the Board receives an annual Chairman's Fee of \$200,000, which has been fixed since 1982, in lieu of all other compensation paid to directors. He does not participate in the share programs described below. He also receives the same benefits accorded to Molson's senior executives and participates in the Molson pension plan.

### Directors' Deferred Share Unit Plan

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To ensure that directors' compensation is aligned with shareholders' equity:

- At least 50% of each director's Annual Board Retainer is paid in Deferred Share Units (DSU's).
- Directors have the option to receive up to 100% of their directors' compensation in the form of DSU's.
- A DSU is a bookkeeping entry having the same value as one Molson Class "A" non-voting share but is not paid out until such time as the director leaves the Board, thereby providing an ongoing equity stake in the Corporation throughout the director's period of Board service.
- Notional dividends are paid on the accumulated DSU's in the form of additional DSU's.

### Directors' Stock Option Plan

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Outside directors are granted options on Molson Class "A" non-voting shares as follows:

- 5,000 options in each of their first two years of Board service; and
- 1,500 options annually thereafter.

The options are granted at market value and fully vest after three years.



# Statement of Corporate Governance Practices

## Mandate of the Board

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The Corporation's Board of Directors is responsible for overseeing the direction, affairs and management of the Corporation. The Board was extremely active in Fiscal 1999, during which there were 11 meetings of the Board and over 30 meetings of the various Board committees.

## Board and Management Roles

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As part of the Corporation's overall restructuring of Molson Breweries and the Corporation, following the acquisition of 100% of Molson Breweries in 1998, the roles, authority and responsibilities of the Board, its Chairman, Board committees, the Chief Executive Officer and senior management were comprehensively reviewed in the context of the Corporation's strategic direction and redefined, as appropriate. Board and management roles have been defined in relation to financial management, performance management, human resource management and external relations to clearly denote areas properly within the scope of management decision-making and those within the scope of Board governance.

As a further result of this comprehensive review regular monthly meetings are now held between the Senior Management Committee, consisting of the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer, North American Brewing, and the Chairman of the Board and the Chairman of the Executive Committee. These meetings facilitate comprehensive discussions on the Corporation's strategic direction and its implementation. It is also the intention of the Board to appoint R. Ian Molson as Deputy Chairman of the Board at the first Directors' meeting following the shareholders' meeting.

## Strategic Planning

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The Board approves the Corporation's strategic plan and receives updates at all regular Board meetings on progress in the execution of the plan. Over the past two years, the Board has been actively involved in considering, planning for and approving the disposal of assets related to the Corporation's non-core businesses and the investment in Molson Breweries.

## Risk Management

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Principal risks of various strategic decisions are identified and addressed as part of the strategic planning process. Two of the Board committees specifically address other areas of risk management:

- The Audit and Finance Committee deals with risk prevention and insurance coverage and has been responsible for overseeing the Corporation's programs addressing the Year 2000 situation.
- The Environment, Health and Safety Committee deals with risks involving environmental issues and occupational health and safety, including overseeing compliance with applicable legislation and programs to address these issues, including crisis management training and safety measurement systems.

## Management Development, Assessment and Succession Planning

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The Board's focus in this area in Fiscal 1999 has been on assembling a strong team of executives with the skills and experience required to effectively manage the restructured organization and addressing Chief Executive Officer succession. A new Chief Financial Officer and Chief Operating Officer, North American Brewing, were recently added to the executive team. In addition, a comprehensive assessment of Molson's top 56 executives was undertaken by an independent consulting firm to assist the Board and senior management in management development and succession planning.

A performance assessment of the Chief Executive Officer is conducted annually. Key objectives for the Chief Executive Officer are set at the start of each fiscal year and approved by the Board. At the end of the fiscal year, the performance of the Chief Executive Officer is assessed relative to these objectives by the Human Resources and Corporate Governance Committee and approved by the Board. The Chairman of the Human Resources and Corporate Governance Committee meets with the Chief Executive Officer to review the evaluation with him.

## Shareholder Communication

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The Board reviews and approves communication to the shareholders, such as the Annual Information Form as well as annual and quarterly financial reports. The Chief Executive Officer and other representatives of the Corporation hold quarterly conference calls with industry analysts and meet periodically with shareholders expressing particular interest or concern. The current shareholder communications program will be broadened in the near future to update shareholders more regularly on the Corporation's plans and progress in achieving these plans.

## Composition of the Board

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It is proposed that the Board be increased to fourteen directors for the upcoming year, an increase of three from Fiscal 1999, which would facilitate the addition of the Chief Financial Officer and Chief Operating Officer, North American Brewing, to the Board. Three of the directors are elected by the Class "A" shareholders. The balance are elected by Class "B" shareholders.

Nine of these fourteen directors are considered to be "unrelated" directors, comprising the majority of the Board. Three directors are considered "related" because they are members of management, namely, E.J. Arnett, P.G. Crowley and D.J. O'Neill who are, respectively, the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer, North American Brewing, of the Corporation. Mr. L. Beauregard is considered to be a "related" director because he is an officer of a public relations firm which provides services to the Corporation. Mr. M.W. Barrett is also considered to be a "related" director because he is currently the Chairman of the Bank of Montreal, a major lender to the Corporation. However, Mr. Barrett has expressed his intention to relinquish this position before the end of the next fiscal year, after which he would be considered an "unrelated" director.

The three directors who are members of the Molson family are significant shareholders in the Corporation but are considered to be independent of management and not subject to any interest that would materially interfere with their ability to act in the best interests of the Corporation. As such, they are considered to be "unrelated" directors.

## Independence of the Board

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The roles of Chairman of the Board and Chief Executive Officer are separate. The Chairman of the Board, Mr. E.H. Molson, is the Corporation's largest individual shareholder. Although Mr. Molson worked in a variety of progressively responsible positions within the Corporation throughout his earlier career, he has served solely as Chairman of the Board for over ten years and never served as Chief Executive Officer of the Corporation.

Members of management do not sit on four of the five Board committees, including the two where Board independence is of greatest concern (the Audit and Finance Committee and the Human Resources and Corporate Governance Committee). All Board committees are comprised of a majority of "unrelated" directors.

Board committees engage independent consultants, as appropriate, to assist them in discharging their responsibilities. The Audit and Finance Committee, which is comprised entirely of outside directors, meets annually with the Corporation's external auditors at a session where only outside directors are present.



## Nomination and Orientation of Directors

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Over half the Board is comprised of directors who became Board members within the past three years. The Human Resources and Corporate Governance Committee is responsible for seeking out qualified nominees to be proposed to shareholders as Board members. In fulfilling this mandate, the Committee specifically considers candidates who:

- (i) have a thorough understanding of brand equity issues and/or the positioning of consumer products in the marketplace;
- (ii) have a track record which demonstrates a strong performance orientation; and
- (iii) have international experience consistent with Molson's goal of becoming a major international company based in Canada. Two of the three non-resident directors serving on the Board are Canadians who have worked internationally.

New directors are provided with a comprehensive briefing book which includes a detailed organization chart, copies of the Corporation's articles and by-laws, insider trading rules and regulations, and recent industry analysts' reports on the Corporation. The Chairman meets with new Board members individually. Orientation programmes, including meetings with senior Management, are tailored for new Board members.

# Executive Compensation

## Composition of the Human Resources and Corporate Governance Committee

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The Human Resources and Corporate Governance Committee (the “HRCGC”) is the committee of the Board of Directors that is responsible for setting executive compensation policies of the Corporation. It is composed of M.W. Barrett, D.W. Colson, D.G. Drapkin, E.H. Molson and R.I. Molson. Mr. M.W. Barrett is the Chairman of the HRCGC. Mr. E.H. Molson is non-executive Chairman of the Corporation. Mr. E.H. Molson was employed by the Corporation in 1960. Prior to assuming the position of Deputy Chairman in 1982, and subsequently Chairman in 1988, he was President, Molson Breweries of Canada Limited.

## Report of the Human Resources and Corporate Governance Committee on Executive Compensation

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The HRCGC sets the compensation of senior executives of the corporation, other than the President and CEO whose compensation, upon the recommendation of the HRCGC, is set by the Board of Directors. There are currently 15 senior executives of the Corporation who are Senior Vice Presidents and above.

The HRCGC also, other than in respect of Directors and the President and Chief Executive Officer, administers the Stock Option Plan, determining the size of grants, vesting and terms of exercising.

While the Corporation acquired control of Molson Breweries early in the fiscal year, the existing (separate) compensation strategies and programmes already in place for the Corporate Office and Molson Breweries Operations continued in effect during the fiscal year; these are described below. Meanwhile, the HRCGC commenced, with the assistance of outside compensation consultants, an extensive review of the Corporation’s executive compensation strategy, philosophy and programmes to integrate the two programmes and ensure they are aligned with shareholders’ interests, the creation of shareholder value and are competitive in the market place. A plan has now been designed and will be announced and implemented over the next year.

### Corporate Office

The compensation of Corporate Office senior executives is determined relative to a selected group of Canadian public companies. (For a discussion of the compensation of the Chief Executive Officer see below).

This compensation is made up of a fixed element and a variable element. The fixed element of compensation, i.e. base salary, is positioned to reflect competitive practice. The variable element includes a short-term incentive plan (one year) in addition to a long-term plan based on stock options, the value of which is directly related to appreciation in share price.

Compensation market surveys are conducted annually by independent consultants to survey total compensation and, specifically, base salary and total direct cash, with the comparator group of companies.

Total direct cash is targeted between the average and the 75th percentile of the comparator group.

Actual salaries for senior executives are positioned between the average and the 75th percentile of the pay practices of the companies in the comparator group. Senior executives are eligible to receive a short-term incentive, normally targeted between 20% and 40% of base salary with a maximum of 35% to 80% of base salary. This level of target and maximum short-term incentive reflects a practice falling between the average and the third quartile of the comparator group of companies. The number of stock options granted to senior executives annually is targeted to reflect the average size of annual grant made by companies in the above-mentioned comparator group at various levels of responsibility.



### **Molson Breweries Operations**

Senior executive compensation policies are designed to recognize, motivate and reward individual and team performance results based on mutually agreed upon objectives set at the beginning of the fiscal year, as well as to provide a competitive compensation level. To ensure competitive compensation, Molson Breweries has established a total compensation policy that is competitive with an external comparator group of companies comprised of consumer and packaged goods organizations with sales revenues of \$500 million or more. Using this comparator group of companies allows Molson Breweries to establish and measure its compensation philosophy and plan against a broad base of organizations with similar revenue size.

The key compensation components of cash compensation are base salary and short and long term incentives. The short and long term incentives are designed to provide, if target results are achieved, a level of cash compensation that is competitive with the comparator group and is designed to maximize the return to both Molson Breweries and plan participants.

Based on Molson Breweries' competitive position, salary ranges were not increased for fiscal 1999. Salaries are reviewed annually to ensure external competitiveness against comparable positions in the comparator group.

The annual incentive plan design has three separate components to reward employees for overall business results, regional business results and individual contributions, as measured against key performance objectives. Short-term incentive targets range from 35% to 40% of base salary. The minimum payout can be zero and the maximum payout can be 70% to 80%.

The value of the target payout of long-term incentive grants awarded for fiscal 1999, ranges from 64% to 70% of base salary for senior executives. The maximum payout can be 128% to 140% of base pay.

### **Compensation of the Chief Executive Officer**

The President and Chief Executive Officer's salary remained unchanged in fiscal 1999 at \$600,000. This salary level is 5% above the average salary of the selected comparator group of Canadian public companies with revenues ranging from \$2.0 to \$5.0 billion. When this salary is taken together with the President and Chief Executive Officer's bonus for fiscal 1998 of \$300,000 the total actual direct cash amount of \$900,000 is positioned at 90% of the comparator group total actual direct cash.

The President and Chief Executive Officer is eligible to receive an annual bonus having a maximum payout of 100% of salary. The amount of the bonus is based upon the achievement of annual business financial targets and individual objectives set in conjunction with the HRCGC and endorsed by the Board of Directors at the start of the fiscal year.

The Corporation has an undertaking to annually award a grant of stock options to the President and Chief Executive Officer equivalent to 300% of his annual base salary.

For fiscal 1999, on the recommendation of the HRCGC, the Board of Directors approved a bonus for the President and Chief Executive Officer of \$300,000, after taking into consideration his substantial achievement of the strategic objectives set for him by the Board during an important period of transition for the Corporation.

Presented by the Human Resources and Corporate Governance Committee of the Board.

M.W. Barrett, Chairman

D.W. Colson

D.G. Drapkin

E.H. Molson

R.I. Molson

### Performance Graphs

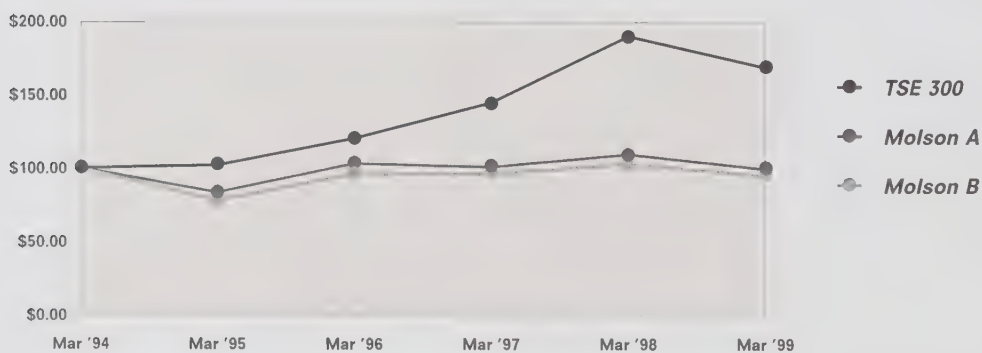
The following graph compares the annual change over the Corporation's last five fiscal years in the cumulative total return of \$100 invested in the Corporation's Class "A" non-voting shares, Class "B" common shares and The Toronto Stock Exchange 300 Composite Index. A similarly constructed graph comparing the annual change in cumulative total return over the Corporation's last ten fiscal years is also shown below:

	Mar.'94	Mar.'95	Mar.'96	Mar.'97	Mar.'98	Mar.'99
Molson Class "A"	\$ 100.00	\$ 83.42	\$ 103.25	\$ 100.74	\$ 109.40	\$ 99.30
Molson Class "B"	\$ 100.00	\$ 77.87	\$ 96.03	\$ 95.91	\$ 102.92	\$ 94.75
TSE 300 Total Return Index	\$ 100.00	\$ 102.03	\$ 120.29	\$ 144.41	\$ 189.62	\$ 168.27

#### Comparison of Five-Year Cumulative Total Return



#### Comparison of Ten-Year Cumulative Total Return



	Mar.'89	Mar.'90	Mar.'91	Mar.'92	Mar.'93	Mar.'94	Mar.'95	Mar.'96	Mar.'97	Mar.'98	Mar.'99
Molson Class "A"	\$100.00	\$118.85	\$138.67	\$169.11	\$130.01	\$130.45	\$111.40	\$134.18	\$131.30	\$141.24	\$129.65
Molson Class "B"	\$100.00	\$115.84	\$131.90	\$161.15	\$126.51	\$131.85	\$105.97	\$127.21	\$127.08	\$135.27	\$125.72
TSE 300 Total Return Index	\$100.00	\$105.39	\$105.21	\$106.58	\$116.13	\$143.25	\$146.16	\$172.31	\$206.86	\$271.63	\$241.05



## Summary Compensation Table

The following table sets out for the Corporation's last three fiscal years, total compensation of the Chief Executive Officer, and the Corporation's four other executive officers who had the highest total annual compensation (based on total annual salary and bonus) during the fiscal year ending March 31, 1999 and who were serving as executive officers at the end of the fiscal year ("Named Executive Officers") and Mr. John R. Barnett and Mr. Stuart L. Hartley who would have been Named Executive Officers had they been serving at the end of fiscal 1999.

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation		Long-Term Compensation			All Other Compensation
		Salary (\$)	Bonus for the Year <sup>(1)</sup> (\$)	Other Annual Compensation (\$)	Securities Under Options/SARs Granted <sup>(2)</sup> (#)	Payouts LTIP Payouts (\$)	
<b>E. James Arnett</b>	1999	600,000	300,000		70,000		
President and CEO	1998	536,923	300,000		150,000		
The Molson Companies Limited							
<b>Stuart L. Hartley</b> <sup>(3)</sup>	1999	255,000	102,000 <sup>(4)</sup>		25,000		1,428,000 <sup>(4)</sup>
Former Executive Vice President	1998	340,000	80,000		25,000		
and Chief Financial Officer	1997	339,250	0		21,000		
The Molson Companies Limited							
<b>John R. Barnett</b> <sup>(5)</sup>	1999	341,325	0	171,830 <sup>(6)</sup>	22,226 <sup>(7)</sup>		125,686 <sup>(8)</sup>
Former President and CEO					64,214 <sup>(9)</sup>		
Molson Breweries					183,084 <sup>(10)</sup>		
	1998	530,000	181,625	57,965 <sup>(11)</sup>	124,793 <sup>(12)</sup>		
					14,900 <sup>(9)</sup>		
	1997	512,500	0		140,545 <sup>(12)</sup>		
					12,000 <sup>(9)</sup>		
<b>Raynald H. Doin</b>	1999	216,692	118,682	6,023 <sup>(13)</sup>			16,608 <sup>(14)</sup>
President, Quebec Region	1998	212,625	51,177	5,110 <sup>(13)</sup>			13,183 <sup>(14)</sup>
Molson Breweries	1997 <sup>(15)</sup>	52,500					3,255 <sup>(14)</sup>
<b>David Perkins</b>	1999	224,167	82,021	9,378 <sup>(16)</sup>			4,325 <sup>(8)</sup>
President, Ontario	1998	219,083	137,068	9,056 <sup>(17)</sup>			24,461 <sup>(8)</sup>
and Atlantic Region	1997	212,000	70,500			18,000	
Molson Breweries							
<b>Patrick L. Kelley</b>	1999	300,000	0	9,959 <sup>(18)</sup>	12,000		
Senior Vice President	1998	300,000	80,000	8,811 <sup>(18)</sup>	15,000		
International Brewing Strategy	1997	200,000	50,000 <sup>(19)</sup>				
The Molson Companies Limited							
<b>Richard Kelly</b>	1999	213,500	83,000	5,131 <sup>(13)</sup>			52,911 <sup>(20)</sup>
Senior Vice President,	1998 <sup>(21)</sup>	66,096	26,996	1,194 <sup>(13)</sup>			3,255 <sup>(14)</sup>
Strategic Marketing,							
Molson Breweries							

(1) Short term incentives earned for a fiscal year are paid in May of the following year.

(2) 100% of options granted to each individual have tandem SARs.

(3) Employment ceased December 31, 1998.

(4) Represents payments made in respect of provision contained in an existing termination agreement.

(5) Resigned from position November 19, 1998.

(6) Represents income tax gross-ups related to SARs, benefits allowance and unused benefit dollars paid out under the company's flexible benefits program.

(7) Represents grant of SARs based on the appreciation in the value of publicly traded shares of The Molson Companies Limited.

(8) Represents a cash payout of accrued vacation under the company's vacation policy.

(9) Represents grant of stock options by The Molson Companies Limited in substitution for The Molson Companies Limited SARs and in replacement of Foster's Brewing Group Limited and Philip Morris SARs exercised earlier and related to the restructuring of the partnership on June 23, 1998.

(10) Represents grant of SARs based on the appreciation in the value of the publicly traded shares of Fosters Brewing Group Limited.

(11) Represents vacation bonus and income tax gross-ups related to SARs and benefits allowance.

(12) Represents grant of SARs based on the appreciation in the value of the publicly traded shares of each Partner.

(13) Represents income tax gross-up on benefits allowance.

(14) Amount contributed to the NEO's defined contribution pension option for the fiscal year.

(15) Appointed to position January 8, 1997 and accordingly represents compensation for the 3 month period from January 8, 1997 to April 1, 1997.

(16) Represents income tax gross-up on benefits allowance and unused benefit dollars paid out under the company's flexible benefits program.

(17) Represents vacation bonus and income tax gross-up on benefits allowance.

(18) Represents the imputed benefit from a housing loan.

(19) Represents payment in respect of an obligation agreed upon commencement of employment.

(20) Amount contributed to the NEO's defined contribution pension option for the fiscal year and additional personal pension contribution pursuant to employment agreement.

(21) Appointed to position December 8, 1997 and accordingly represents compensation for the 4 month period from December 8, 1997 to April 1, 1998.

### Long-Term Incentive Plans ("LTIP")

The following table provides information concerning the potential LTIP payouts based on a target established at the beginning of the 1999 fiscal year, for each named executive officer in Molson Breweries:

#### Long-Term Incentive Plans – Awards During Most Recently Completed Fiscal Year

Name	Securities, Units or Other Rights (#) <sup>(1)</sup>	Performance or Other Period Until Maturation or Payout	Estimated Future Payouts Under Non-Securities Price-Based Plans		
			Threshold (\$)	Target (\$)	Maximum (\$)
J.R. Barnett		April 2, 1998 – April 1, 2001	186,550	373,100	746,200 <sup>(2)</sup>
D. Perkins		April 2, 1998 – April 1, 2001	70,560	141,120	282,240
R.H. Doin		April 2, 1998 – April 1, 2001	68,208	136,416	272,832
R. Kelly		April 2, 1998 – April 1, 2001	67,200	134,400	268,800
B.A.J. Shier		April 2, 1998 – April 1, 2001	56,896	113,792	227,584

(1) Plan based on percentage of base salary.

(2) Rights under the plan were forfeited on J.R. Barnett's resignation November 19, 1998.

Under this plan, a target expressed as a percentage of salary is given to each plan participant based upon the potential of that individual to have a direct impact on Molson Breweries' longer term results and on its performance. The value of the target is determined at the end of the third fiscal year for which it is awarded and is based upon two key performance indicators: Canadian market share and profit before interest and taxes ("PBIT"). The results are averaged for the relevant three-year period in order to remove any distortions.

A business performance grid is established and approved for determination of the threshold and maximum payout at the end of the plan period. If market share and PBIT do not reach a predetermined minimum level, participants are not entitled to a payout. However, in the event that there is a significant business change with a material impact on PBIT or Canadian market share beyond the direct control of the plan participants, a payout may be possible at the discretion of the HRCGC.

### Stock Options and Share Appreciation Rights ("SARs")

The Corporation established a stock option plan in 1988 (the "1988 Plan") which provides for the issuance of options to purchase Class "A" non-voting shares of the Corporation and share appreciation rights ("SARs") with respect to each option, and which expires December 31, 1999, unless extended by the Board of Directors. A SAR is awarded with each option. A SAR entitles an optionee, in lieu of exercising an option, to surrender an unexercised option and to receive for each such option Class "A" non-voting shares having an aggregate market value equal to the excess of the market value of a Class "A" non-voting share on the date of exercise (based on a five day weighted average) of the SAR over the exercise price of the option. The number of authorized and unissued shares that may be issued under the 1988 Plan may not at any time exceed 5,553,000 shares. As at May 12, 1999 there were 3,152,163 options outstanding. The following table sets out grants made to Named Executive Officers in fiscal 1999.



**Option/SAR Grants During the Most Recently Completed Fiscal Year**

Name	Securities Under Options/ SARs Granted (# of Shares) <sup>(1)</sup>	% Of Total Options/SARs Granted to Employees in Fiscal Year	Exercise or Base Price (\$/Security)	Market Value of Shares Underlying Options/SARs at Date of Grant (\$/Share)	Expiration Date
E. James Arnett	70,000	5.26	27.41	27.41	May 13, 2008
John R. Barnett	16,642 <sup>(2)</sup>	1.25	27.17	27.27	Cancelled
Stuart L. Hartley	25,000	1.88	27.17	27.17	Apr. 30, 2008 <sup>(3)</sup>
Patrick L. Kelley	12,000	.90	27.17	27.17	Apr. 30, 2008

(1) Options to purchase Class "A" non-voting shares, 25% of which vest and become exercisable each year commencing one year after the date of grant.

(2) In substitution for SARs granted under Molson Breweries plan with Mr. Barnett.

(3) Subsequently, in accordance with the terms of the 1988 Plan, the expiration date of these options was reduced to five years (December 31, 2003) following the Named Executive Officer retiring from the employment of the Corporation.

The following stock option and SAR grants had been made under an agreement between Molson Breweries and Mr. Barnett which provided for annual grants of SARs based on the appreciation in value of the publicly traded shares of each of the former Partners of the Molson Breweries Partnership. From April 2, 1993, until December 1, 1997, the Partners of Molson Breweries were The Molson Companies Limited, Foster's Brewing Group Limited and Miller Brewing Company. From December 1, 1997, to June 23, 1998, the Partners of Molson Breweries were The Molson Companies Limited and Foster's Brewing Group Limited. As of June 23, 1998, the Corporation acquired the interest of Fosters in the Partnership. In the case of Miller Brewing Company, which does not have publicly traded shares, the publicly traded shares of its parent company, Philip Morris Companies Inc., were used. The SARs became fully exercisable after one year. The SARs also provided a reimbursement on exercise which was intended to compensate Mr. Barnett on an after-tax basis for any income tax liability in excess of that which would result from the exercise price of an equivalent stock option. Each partner could substitute a stock option grant for the SARs based on its shares at any time within eight years of the grant date. The exercise price of such options would equal the fair market value of the Partner's shares at the substitution date. Such options were governed by the terms of the Partner's option plan and need not have had the same terms as the SARs for which they are substituted.

Mr. Barnett resigned from his position with Molson Breweries effective November 19, 1998 at which time he exercised 6,000 SARs. As a result of his resignation all remaining Molson options and SARs held by him were cancelled.

**Option/SAR Grants During the Most Recently Completed Fiscal Year**

Name	Securities Under Options/ SARs Granted(#)	% Of Total Options/SARs Granted to Employees in Fiscal Year	Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Options/SARs at Date of Grant (\$/Share)	Expiration Date
John R. Barnett	16,642 <sup>(1)</sup>	100	Can 24.02	Can 24.02	April 2/2008
	5,624 <sup>(2)</sup>	100	Can 24.02	Can 24.02	April 2/2008
	130,569 <sup>(3a)</sup>	100	Aus 3.29	Aus 3.29	April 2/2008
	52,515 <sup>(3b)</sup>	100	Aus 3.29	Aus 3.29	April 2/2008
	16,642 <sup>(4)</sup>	100	Can 27.17	Can 27.17	April 30/2008 <sup>(6)</sup>
	47,572 <sup>(5)</sup>	100	Can 21.75	Can 21.75	Sept 8/2008 <sup>(6)</sup>

(1) SARs based on the appreciation in value of a Class "A" non-voting share of the Corporation. These SARs were replaced by a grant of stock options on April 30, 1998 (Note 4).

(2) SARs based on the appreciation in value of a Class "A" non-voting share of the Corporation. These SARs represent replacement units for Philip Morris Companies Inc. SARs that were exercised early after Miller Brewing Company left the Partnership.

(3) a) A grant of SARs based on appreciation in value of the publicly traded shares of Foster's Brewing Group Limited.

b) A grant of SARs based on appreciation in value of the publicly traded shares of Foster's Brewing Group Limited. These SARs represent replacement units for former Philip Morris Companies Inc. SARs.

(4) Stock options granted by the Corporation in substitution for 16,642 SARs issued earlier in the year (Note 1).

(5) Stock options granted by the Corporation in substitution for Foster's Brewing Group Limited SARs.

(6) These options have been cancelled as a result of John R. Barnett's resignation, November 19, 1998.

The following table sets out for the Named Executive Officers, information concerning the exercise of stock options and SARs during the fiscal year and the number and value of unexercised options and SARs held by each of the Named Executive Officers as at March 31, 1999.

**Aggregated Option/SAR Exercises During the  
Most Recently Completed Fiscal Year and Fiscal Year-End Option/SAR Values**

Name	Shares Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options/SARs at FY-End (#) Exercisable/ Unexercisable	Value of Unexercised In-The-Money Options/SARs at FY-End <sup>(1)</sup> (\$) Exercisable/ Unexercisable
E. James Arnett	–	–	39,500/185,000	1,560/2,340
J.R. Barnett	418,388 <sup>(2)</sup> 6,000 <sup>(3)</sup>	304,439 <sup>(2)</sup> 12,240 <sup>(3)</sup>	0/0	0/0
Stuart L. Hartley	–	–	149,750/60,250	16,560/4,320
P.L. Kelley	–	–	3,750/23,250	0/0

(1) Closing market price \$21.10 as at March 31, 1999 (last trading day).

(2) Aggregate number and value of SARs exercised. SARs are based on the appreciation in value of a common share of Foster's Brewing Group. These SARs were exercised as part of the restructuring of the Partnership effective June 23, 1998. Stock options of the Corporation have been granted in substitution for Foster's Brewing Group Limited units.

(3) 6,000 SARs exercised in conjunction with resignation on November 19, 1998.

**Defined Benefit or Actuarial Plan Disclosure**

Retirement benefits for senior executives are provided by a combination of a registered pension plan and an unregistered supplementary retirement income agreement. Unless noted otherwise, the registered pension plan is a defined benefit plan.

Mr. Patrick L. Kelley's retirement benefits will normally start at age 65 but benefits can commence as early as age 55. At normal retirement, total benefits can be estimated from the following table. These amounts are not integrated with government benefit plans.

Patrick L. Kelley							
Final Average Remuneration (\$)	Years of Pensionable Service						
	5 (\$)	10 (\$)	15 (\$)	20 (\$)	25 (\$)	30 (\$)	35 (\$)
250,000	31,250	62,500	93,750	125,000	137,500	150,000	162,500
300,000	37,500	75,000	112,500	150,000	165,000	180,000	195,000
400,000	50,000	100,000	150,000	200,000	220,000	240,000	260,000
500,000	62,500	125,000	187,500	250,000	275,000	300,000	325,000
600,000	75,000	150,000	225,000	300,000	330,000	360,000	390,000

Final Average Remuneration for Mr. Patrick L. Kelley is the greater of the average of the executive's three consecutive calendar years of highest earnings or the final 36 months of earnings. Approximate credited years of service to March 31, 1999, for Mr. Patrick Kelley is 3 years. If Patrick Kelley has a spouse at retirement and he dies before that spouse, 55% of his retirement income continues to his spouse for the remainder of her lifetime.



Mr. David Perkins' retirement benefits will normally start at age 65 but benefits can commence as early as age 55. At normal retirement age, total retirement benefits for Mr. David Perkins can be estimated from the following table. The table assumes David Perkins will have a spouse at his retirement.

David Perkins						
Pensionable Earnings (\$)	Years of Pensionable Service					
	15 (\$)	20 (\$)	25 (\$)	30 (\$)	35 (\$)	40 (\$)
150,000	34,438	47,250	59,063	70,875	82,688	94,500
200,000	47,250	63,000	78,750	94,500	110,250	126,000
250,000	59,063	78,750	98,438	118,125	137,813	157,500
300,000	70,875	94,500	118,125	141,750	165,375	189,000

Currently pensionable earnings for Mr. David Perkins in respect of service prior to 1998 are the average of his salary and short-term bonuses in the years 1995, 1996 and 1997. His pensionable earnings in respect of service after 1997 are salary and short-term bonus. Molson Breweries has periodically updated its base year. Mr. Perkins has approximately 18 years of pensionable service to March 31, 1999.

Retirement benefits are normally paid for the lifetime of the named executive officer and for a minimum of five years. If Mr. David Perkins has a spouse at retirement and he dies before that spouse, 66.67% of his retirement income continues to be paid to his spouse for the remainder of her lifetime. Some benefits are integrated with the Year's Maximum Pensionable Earnings on a step-rate basis. The effects of integration are not shown in the previous chart.

Mr. E. James Arnett has a retirement income arrangement that will pay him an annual income of 40% of his best consecutive three year average base salary and short-term incentive at age 65. Based on his 1998/99 compensation continuing unchanged until his retirement, his retirement income will be approximately \$360,000. If Mr. Jim Arnett has a spouse at retirement and he dies before that spouse 55% of his retirement income will continue to his spouse for the remainder of her lifetime.

Mr. Stuart L. Hartley retired December 31, 1998, with an annual pension of \$247,614.

Mr. John R. Barnett terminated his employment on November 19, 1998, and elected to defer his pension to normal retirement, June 1, 2009. His total pension from all sources is estimated to be \$229,187 per annum and is payable for his lifetime, with the provision that, upon his death, 66.67% of this amount continues to his spouse for the remainder of her lifetime.

R.H. Doin, R. Kelly and B.A.J. Shier will receive retirement benefits from a combination of registered pension plans and supplementary retirement income agreements. Both arrangements are defined contribution in nature. Each year, 6.2% of the named executive officer's pensionable earnings, comprised of salary and short-term bonus, will be contributed on his behalf. The amount of pension he will receive will depend on investment returns, age at retirement and annuity purchase rate should he choose to annuitize the defined contribution account. This amount has been reported in the Summary Compensation Table under "All Other Compensation".

## Termination of Employment and Employment Contracts

In the case of involuntary termination, other than for just cause or normal retirement at age 65, the Corporation is obligated to continue Mr. E. James Arnett's salary, incentive bonus (at 50% of salary), benefits and pension accrual for a period of time equal to the greater of time remaining to May 9, 2002 and three years but not beyond age 65.

In the event of involuntary termination by the Corporation, other than for just cause, the Corporation is obligated to pay to Mr. Patrick Kelley three times his existing annual salary and to continue his existing benefits for three years but not beyond his 65th birthday. Should he elect to continue to receive his salary, he will continue to receive credited service for retirement income purposes for three years.

Employment agreements for R.H. Doin and R. Kelly provide that in the event of termination of employment for any reason other than cause, voluntary early retirement, normal retirement or death, they will receive a minimum of 18 months' notice or pay in lieu of notice.

## Directors' and Officers' Liability Insurance

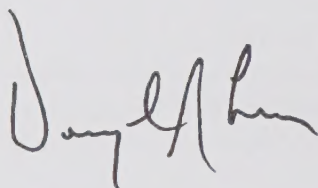
The Corporation maintains a combined Directors' and Officers' Liability and Corporation Reimbursement Insurance Policy with a limit of liability of \$75,000,000 (U.S.) per policy year to cover the directors and officers individually and collectively as a group, and to cover the Corporation for its liability to indemnify the directors and officers pursuant to the Corporation's By-Laws. The entire premium cost in the aggregate amount of \$296,000 (Canadian) for the 1999 fiscal year was borne by the Corporation. The premium for this policy was not allocated between directors and officers as separate groups. In respect of the Corporation reimbursement coverage, the Corporation bears the first \$500,000 (U.S.) of any loss.

## Availability of Documents

Copies of the Corporation's latest annual information form, together with any document incorporated therein by reference, audited financial statements, management's discussion and analysis and management proxy circular may be obtained on request from the Secretary of the Corporation. The Corporation may require the payment of a reasonable charge when the request is made by someone other than a shareholder unless the Corporation is in the course of a distribution of its securities pursuant to a short form prospectus, in which case such documents will be provided free of charge.

## Directors' Approval

The directors have approved the contents and the sending of this circular to shareholders.



Douglas A. Love  
Senior Vice President  
General Counsel and Secretary

May 12, 1999